GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2201
ANSWERED ON:14.03.2008
LOAN PROCESS FOR INDUSTRIAL SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) whether there has been a decline in taking loans from banks by the industries due to complicated process of advancement of loan and recession in industrial sector;

(b) whether one of the reasons is the higher rate of interest on loans in India as compared to other countries;

(c) if so, whether in the atmosphere of global competition and industrial recession, banks have any plan to attract companies for loans by simplifying the loan process;and

(d) if so, the details thereof alongwith Government's reactions thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF Finance (Shri Pawan Kumar Bansal)

(a): No, Sir. Provisional information available with Reserve Bank of India (RBI) from select scheduled commercial banks (SCBs) up to November, 2007 indicates that credit to the industrial sector recorded the highest year-on-year growth of 25.3 per cent followed by credit to the agriculture sector (21.4 per cent), services sector (20.8 per cent) and personal loans (20.0 per cent). Industry's share in total non-food bank credit has also increased from 38.3% in November, 2006 to 39.2% in November, 2007.

(b) to (d): Do not arise.